CARRYOVER

Introduction

Under section 421(b) of the General Education Provisions Act (GEPA), LEAs and SEAs must **obligate** funds during the 27 months extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second succeeding fiscal year. This maximum period includes a 15-month period of initial availability plus a 12-month period for carryover. However, section 1127(a) of Title I of the ESEA limits the amount of Title I, Part A funds an LEA may carry over from one fiscal year's allocation to not more than 15 percent of the total Title I, Part A funds allocated to the LEA for that fiscal year.

The following illustrates how the 27-month availability for Title I, Part A funds and the carryover limitation would operate for an LEA that receives an allocation under the FY 2013 appropriation.

Federal FY 2013 Appropriation
(Title I, Part A Funds Allocated to the LEA from Funds Made Available on July 1, 2013 Total $1,500,000)

Total allocation	$1,500,000
Minimum amount LEA must obligate between July 1, 2013 – September 30, 2014 to avoid excess carryover (85 percent of total appropriation)	1,275,000
Amount LEA may carryover and obligate during October 1, 2014– September 30, 2015 (carryover period provided under section 421(b) of GEPA)	225,000

During the first 15 months that an LEA's Title I, Part A funds are available, the LEA must, by September 30, 2014, obligate at least $1,275,000 (85 percent) of the total allocated to it. The LEA may carry over a maximum of $225,000 (15 percent) into the next fiscal year and must obligate those funds by September 30, 2015. Any funds that remain **unobligated** after that date revert to the U.S. Treasury.

It is important to understand that **"obligated" does not necessarily mean "spent".**

Obligation occurs when the agency or an LEA has entered into a binding commitment to pay out money, such as entering into a contract to pay for supplies or services.